

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 21, 1996

SUBJECT: **SB 3162 - HB 3064**

This bill, if enacted, provides that sales and use tax exemptions and reduced rates applicable to manufacturers of tangible personal property for resale apply to road contractors who fabricate or process hot mix asphalt and crushed stone. The bill also limits tax refund claims from affected contractors unless such claims are filed with the Department of Revenue within 90 days of the effective date of this bill. A recent court decision broadens the definition of manufacturer to make a large number of businesses eligible for the sales tax exemption available to manufacturers.

The fiscal impact from enactment of this bill is the prevention of a decrease in state and local government sales tax revenues exceeding \$100,000, respectively, which would be realized in the absence of the bill due to the court decision. These are estimated reductions of revenue which are expected to occur in the absence of the bill.

The fiscal impact from enactment of this bill is also estimated to be a cost avoidance to the state since refunds will be limited. Such avoidance cannot be determined but is estimated to exceed \$100,000.

SB 3162 - HB 3064

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large, stylized initial "J".

James A. Davenport, Executive Director